

AllenCo Energy

February 4, 2020

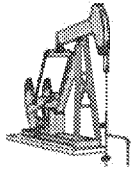
Department of Conservation - CalGEM
3780 Kilroy Airport Way, Suite 400
Long Beach, CA 90806

Attention: Chris McCullough
Dan Dudak
Scott Walker
Tamera Lopez
Abdulmageed Abdulrahman (AB)

Dear All Concerned,

I'm sending you this letter to inform you that effective today, February 4, 2020 our company, AllenCo Energy, Inc, is in the process of "Liquidating AllenCo Energy, Inc" and will not be spending further capital on or at the St. James drill-site. We are currently in discussions with the Archdiocese of Los Angeles as well with a potential property developer for this site to remove us from having any further business responsibilities at this site. Our intent is to sell our portion of the St. James drill site at 814 W. 23rd Street, Los Angeles, CA 90007 making way for the developer to proceed with development planning.

It became apparent to us, AllenCo Energy, that under no circumstances did the City of Los Angeles or the Department of Conservation, CalGEM, want AllenCo Energy to produce and/or operate any of the 21 wells located at this location. Even though it was our FAIR AND LEGAL RIGHT to do so. The DOGGR changed rules and laws, "Ordered a KILL", and won't allow production of a "PASSED" idle well! After zealous upgrading of the equipment located there as requested, the DOGGR ordered all 21 wells to pass an Idle Well Test prior to any consideration of production. The City of Los Angeles informed us that three of the St. James wells belonged to Los Angeles, "not producible" and ordered our shipping line from this site to be abandoned by the nearby operator, "NASCO". Also the Fire System there was prolonged by the City Attorney's office delaying the approval for permits. During a six year period when the St. James drill site was idle, the Esperanza Housing facility was kept in the internal loop of AllenCo Energy's business and affairs by clear communication from DOGGR, the AQMD and the City Attorney's office.



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We once believed that our settlement with the City of Los Angeles and the City Attorney of Los Angeles would prevail and allow AllenCo Energy to produce, PER THE AGREEMENT, and then justifying the cost incurred of up-grading our property FAIRLY AND LEGALLY!

However, the bar set for re-opening that CalGEM has been put in place is much too HIGH and not being able to produce crude oil has become economically impossible. It is with great sadness that we're not able to continue to afford all of the expenses connected to the St. James site. We have spent tremendous amounts of capital trying to be compliant and prove that we ARE good stewards of compliance!

We are going to assist the Archdiocese in our transition and will continue to do so with inspections and repairs when required. We will also respond to any and all complaints for this site.

We have removed some of the oil producing equipment, i.e. an Injection Pump, Micro Turbines and Gas Meters. We will be leaving on the property one C-65 Micro Turbine in the event it is needed to reduce pressure levels of the wells.

As of today's date, we will no longer add on to the compliance files or spend any capital on equipment up-grades.

Respectfully,

Timothy Parker
V. P., AllenCo Energy, Inc

cc: CE Peter Allen
Archdiocese of Los Angeles